

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

Application of	)	
	)	
Verizon Hawaii Inc., Bell Atlantic Communications,	)	
Inc. (d/b/a Verizon Long Distance) and Verizon	)	
Select Services Inc.,	)	
	)	
Transferors,	)	
	)	
and	)	WC Docket 04-234
	)	
Paradise MergerSub, Inc.	)	
	)	
Transferee,	)	
	)	
For Consent to Transfer Control of Verizon Hawaii	)	
Inc. and Certain Assets and Long Distance Customer	)	
Relationships Related to Interstate Interexchange	)	
Telecommunications Service in the State of Hawaii	)	

PACIFIC LIGHTNET, INC.'S PETITION FOR RECONSIDERATION

Pacific LightNet, Inc. hereby respectfully petitions the Commission for reconsideration of its order granting streamlined treatment and approval of the transfer of control of those certain assets by and between Verizon Hawaii, Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance) and Verizon Select Services, Inc. (collectively Verizon Hawaii) and Paradise MergerSub, Inc., a holding company wholly-owned by investment funds associated with The Carlyle Group ( collectively Carlyle).<sup>1</sup>

Pursuant to 47 C.F.R. § 1.06, Pacific LightNet's request for reconsideration is based on the following reasons:

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<sup>1</sup> See, Streamlined Domestic Section 214 Application Granted, WC Docket No. 04-234, DA 04-2541 (rel. August 17, 2004).

1. The Commission's order relies on the August 6, 2004 Reply Comments filed by Paradise MergerSub, Inc. (Carlyle), which were filed after the August 5, 2004 deadline for reply comments set forth in the Commission's prior public notice.<sup>2</sup> Simply put, Carlyle's filing was, in the absence of good cause to justify a late filing, time-barred on its face and outside the record in this proceeding.<sup>3</sup> As such, the Commission had no basis in the record for concluding that Carlyle had developed a reasonable plan for developing and transitioning to independent back-office systems without reduction, impairment, or discontinuance of service to any customer and without raising rates as it transitions to new ownership and new back-office systems.<sup>4</sup>

2. Carlyle's belated representation that it had a reasonable plan for developing and transitioning to independent back-office systems was both non-specific and unverified, and, given the growing controversy in Hawaii over Carlyle's lack of specificity and experience regarding its overall plan, Carlyle's deficient record, coupled with the significance of the transaction, warrants removing the Applicants' proposed

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<sup>2</sup> See, Domestic Section 214 Application Filed For Transfer of Control of Verizon Hawaii, Inc. to The Carlyle Group, WC Docket No. 04-234, DA 04-2148 (rel. July 15, 2004), which establishes the August 5, 2004 reply comment deadline; and Streamlined Domestic Section 214 Application Granted, WC Docket No. 04-234, DA 04-2541 (rel. August 17, 2004) at footnotes 8-12.

<sup>3</sup> The Transferee's transmittal letter to Secretary Dortch claims that the Transferee, which is represented by experienced counsel, was not served with the comments filed in this proceeding, and that it was unaware until August 6, 2004 that any comments were filed with the Commission. As service is not required in this type of proceeding, the Commission's application process essentially places the burden of monitoring the Commission's website during the comment period on the transfer applicants. Indeed, the applicants did not serve their application with Pacific LightNet, leaving it up to Pacific LightNet to monitor the Commission's website for the very notice that established this docket's pleading cycle. Thus, the Transferee fails to properly allege why it was unaware of the comments filed in this proceeding, as well as how it ultimately learned of the comments.

<sup>4</sup> See, Streamlined Domestic Section 214 Application Granted, WC Docket No. 04-234, DA 04-2541 (rel. August 17, 2004) at unnumbered paragraph 4.

transaction from the Commission's streamlined docket.<sup>5</sup> As the Applicants propose to transfer the only incumbent telephone network in the entire state of Hawaii, the contemplated transaction warrants more rigorous scrutiny and a developed record.

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<sup>5</sup> As one example, see the following editorial from the August 13, 2004, Honolulu Advertiser—following which the Hawaii Public Utilities Commission subsequently determined to conduct public hearings concerning the proposed transaction on all six of the major islands:

**Verizon sale deserves open public hearing**

It appears there is no legal requirement that the Public Utilities Commission hold an open public hearing on the proposed purchase of our local telephone company, Verizon Hawai'i, by the Washington-based Carlyle Group, Inc.

It's also true that there was no public hearing last time the telephone company was sold.

But the fact that a public hearing is not legally required or precedented should not be a bar to holding such a meeting, if the demand is great enough.

It should be.

While the Carlyle Group brings with it some senior officials with strong telecommunications background, the company itself is not focused on telecommunications. It is an investment group.

The strongest push for a public hearing has come from the union that represents telephone company workers.

But consumers also have an interest. Is Carlyle prepared to upgrade current equipment and facilities? Are there plans to introduce new telecommunications services? How will the regulated responsibility to provide basic and "lifeline" services be treated?

One particularly big customer, the U.S. military, also has a direct interest in hearing how this sale would work out. Like the union, the Defense Department has formally asked to be an intervenor in this case.

Now, the PUC has invited written comments on the purchase (all comments should reference Docket No. 040140), and that will be helpful.

But it should still consider an informational hearing where full, open give-and-take exchanges can occur.

If that doesn't happen, then perhaps state lawmakers should convene an informational hearing of their own.

Carlyle has said it has exciting plans for Hawai'i if this purchase goes through. It seems sensible to bring those ideas before the local residents in a structured, open setting.

## CONCLUSION

Based on the foregoing, Pacific LightNet respectfully requests that Commission reconsider its order granting the Applicants' streamlined domestic Section 214 application, and remove their application to non-streamlined docket.

Dated September 16, 2004.

Respectfully submitted,

PACIFIC LIGHTNET, INC.

/s/  
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### Certificate of Service

I hereby certify that a true and correct copy of the foregoing Pacific LightNet, Inc.'s Petition For Reconsideration was served this 16<sup>th</sup> day of September, 2004, upon the following:

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/s/  
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